

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of:

S. WAYNE FEEHRER

Former Employee and  
Institution-Affiliated Party  
of Cherokee Valley Federal  
Savings Bank,  
Cleveland, Tennessee

OTS Order No. CHI-95-05

Dated: February 7, 1995

STIPULATION AND CONSENT TO THE ENTRY  
OF AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed S. Wayne Feehrer ("FEEHRER"), former employee, officer, director and institution-affiliated party of Cherokee Valley Federal Savings Bank, Cleveland, Tennessee ("Cherokee Valley" or the "Institution") that the OTS is of the opinion that grounds exist to initiate administrative prohibition proceedings against FEEHRER pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e);<sup>1</sup> and

WHEREAS, FEEHRER desires to cooperate with the OTS in accordance with the terms of his plea agreement, and hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Cherokee Valley, at all times relevant hereto, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners'

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1. All references to the United States Code in this Stipulation and Consent and the Entry of an Order of Prohibition are as amended.

Loan Act ("HOLA"), 12 U.S.C. § 1462(4). Accordingly, Cherokee Valley was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) FEEHRER, as a former officer, director and employee of Cherokee Valley, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding against institution-affiliated parties. Therefore, FEEHRER is subject to the authority of the OTS to initiate and maintain prohibition proceedings against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

2. FEEHRER consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

3. Finality. The Order is issued by the OTS under the authority of Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director or designee for the Central Region, OTS, the Order shall be final, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

4. Waivers. FEEHRER waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (see Section 8(e) of the FDIA);

(b) the right to an administrative hearing of the OTS's charges against him (see Section 8(e) of the FDIA); and

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

5. Indemnification. FEEHRER shall neither cause nor permit Cherokee Valley (or any successor institution, holding company, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order of Prohibition, nor obtain any indemnification (or other reimbursement) from the Institution (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of FEEHRER in connection with this action shall be returned to Cherokee Valley (or the successor institution, holding company, subsidiary or service corporation thereof).

6. Other Government Actions Not Affected.


(a) FEEHRER acknowledges and agrees that the consent to the entry of the Order is for the purpose of resolving this prohibition action only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of FEEHRER that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS.

(b) By signing this Stipulation and Consent to the Entry of an Order of Prohibition, FEEHRER agrees that he will not assert this proceeding, his consent to the entry of the Order, and/or the entry of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other federal or state governmental entity.

7. Acknowledgment of Criminal Sanctions. FEEHRER acknowledges that Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of the Order of Prohibition.

WHEREFORE, FEEHRER executes this Stipulation and Consent to Entry of an Order of Prohibition, intending to be legally bound hereby.

By:

  
S. WAYNE FEEHRER

Accepted by:  
Office of Thrift Supervision

  
RONALD N. KARR  
Regional Director

Dated: 1/31/95

Dated: 2-7-95

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S. WAYNE FEEHRER

Former Employee and  
Institution-Affiliated Party  
of Cherokee Valley Federal  
Savings Bank,  
Cleveland, Tennessee

OTS Order No. CHI-95-05

Dated: February 7, 1995

ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, concludes that between 1987 and 1991, S. Wayne Feehrer ("FEEHRER"), former president, director, employee and institution-affiliated party of Cherokee Valley Federal Savings Bank, Cleveland, Tennessee ("Cherokee Valley"), knowingly participated in the approval of loans from Cherokee Valley to entities in which FEEHRER had concealed interests, which resulted in the misapplication of the funds of Cherokee Valley in amounts in excess of \$2,500,000. In addition, FEEHRER knowingly misapplied the funds of Cherokee Valley to his own account.

The OTS further concludes that: (1) FEEHRER'S conduct constituted an unsafe and unsound practice, a breach of FEEHRER'S fiduciary duty to Cherokee Valley and further constituted a reckless disregard for the law and applicable regulations; (2) as a result of FEEHRER'S conduct, Cherokee Valley suffered a financial loss and FEEHRER received financial gain or other

benefit; and (3) the unsafe and unsound practice and violation of fiduciary duty involved personal dishonesty by FEEHRER;

WHEREAS, FEEHRER has executed a Stipulation and Consent to Entry of an Order of Prohibition ("Stipulation") on January 31, 1995;

WHEREAS, FEEHRER by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the OTS, pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e);<sup>1</sup> and

WHEREAS, the Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue orders of prohibition where the respondent has consented to the issuance of the order.

NOW, THEREFORE, IT IS ORDERED that:

1. FEEHRER is prohibited from further participation, in any manner, in the conduct of the affairs of Cherokee Valley and any successor institution, holding company, subsidiary, and/or service corporation thereof.

2. FEEHRER shall not hold any office in, or participate in any manner in the conduct of the affairs of any Federally regulated depository institution or any of the other entities that are described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A), without the prior written approval of OTS (acting through its Director or an authorized representative thereof) and, the "appropriate Federal financial institutions regulatory agency"

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1. All references to the United States Code in this Order of Prohibition are as amended.

for the Federally regulated depository institution which is involved. Due to the operation of Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order, without the said prior written approval of the OTS and the "appropriate Federal banking agency," also includes, without limitation:

(1) soliciting, procuring, transferring, attempting to transfer, voting, or the attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A); and (2) voting for a director, or serving as an institution-affiliated party.

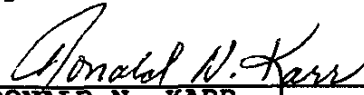
3. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued, as shown in the caption above.

4. All technical words or terms used in the Order, for which meanings are not specified or otherwise provided for by the provisions of the Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, FDIA, or the Home Owners' Loan Act ("HOLA"), or as such definition is amended after the execution of this Order, and any such technical words or terms used in the Order and undefined in said Code of Federal Regulations, FDIA, or HOLA, shall have meanings that accord with their best custom and usage in the savings and loan industry.

5. FEEHRER shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with the Order.

6. The Order shall remain in effect until terminated,  
modified or amended by the OTS.

The Office of Thrift Supervision  
By:

  
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RONALD N. KARR  
Regional Director  
Central Regional Office